

PERTH AND KINROSS COUNCIL

Affordable Housing Member Officer Working Group

15 May 2014

Affordable Housing Commuted Sums Annual Monitoring Report 2013/14

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PURPOSE OF REPORT

This report details the affordable housing commuted sums received, spent and committed to projects for the year 2013/2014 as well as the affordable housing credits accrued and used in agreement with the Council.

1. Background / Main Issues

- 1.1. In a report (07/72) to the Enterprise & Infrastructure Committee on 17 January 2007 a commitment was given to publishing an annual report on affordable housing commuted sums. The report is published on the Council's website and details:
- A summary of the total contribution in each Housing Market Area (HMA).
 - A summary of the total spend in each HMA.
 - A record of how commuted sums have spent.
- 1.2. Commuted sums have been accepted from developers in lieu of the provision of the affordable housing contribution on or off site since May 2006. The first Annual Report was published in June 2008 covering the period May 2006 to 31 March 2008 and has been updated annually from 2009 - 2013. Copies of all reports have been previously published on the Council website. This Annual Report updates the position to 31 March 2014 and will be published on the Council's website.

2. Commuted Sums received by HMA 2006-2014

- 2.1. The table below indicates the total commuted sums collected, the total amount spent or approved for spend and the outstanding balance in each Housing Market Area (HMA) at 31 March 2014.

HMA	Total contributions received	Total contributions spent / committed	Administration costs broken down by HMA	Outstanding balance
Strathmore & The Glens	359,663	173,237	31,981	186,426
Highland	603,500	420,657	31,981	182,843
Kinross	407,500	255,489	31,981	152,011

Strathearn	461,720	416,237	31,981	45,483
Perth	768,588	683,537	31,981	85,051
Perth Centre	0	0	0	0
N				
Administration		159,907		
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TOTALS	2,600,971	1,949,157		651,814

Notes- Administration is approximately 6.1% of the total contributions received and includes fees associated with valuation of commuted sums and the Affordable Housing Enabler post (Financial years 2009/10, 2010/11, 2011/12, 2012/13. (Salary recharge for 2013/ 14 not yet known).
For recording purposes Perth Centre is treated as a sub area of the Perth HMA

3. Commuted sums spend

- 3.1. The table below indicates those commuted sums which have been spent and the projects to which they have been paid to in the period 01 April 2013 to 31 March 2014.

Spend amount (£)	Project ref.	RSL.	HMA	Details of spend
£100,000	12/HHA/S/014	Hillcrest	Perth	Jeanfield Road, Perth

- 3.2. The development at Jeanfield Road, Perth is for a total of 40 flatted units. The commuted sum agreed has helped to deliver 8 2-bed units for social rent. Hillcrest HA is in the process of delivering these units alongside 16 units for mid market rent. The commuted sum has been used to ensure that the 8 2-bed units are delivered as social rent. The units will contribute to meeting the identified need for social rent units in Perth City evidenced by waiting list pressure.

4. Commuted sums commitments

- 4.1. The table below indicates those commuted sums which have been approved and committed previously, and the project to which they are attached to. The projects are priorities in the Council's Strategic Housing Investment Programme (SHIP) and the Strategic Local Programme (SLP).

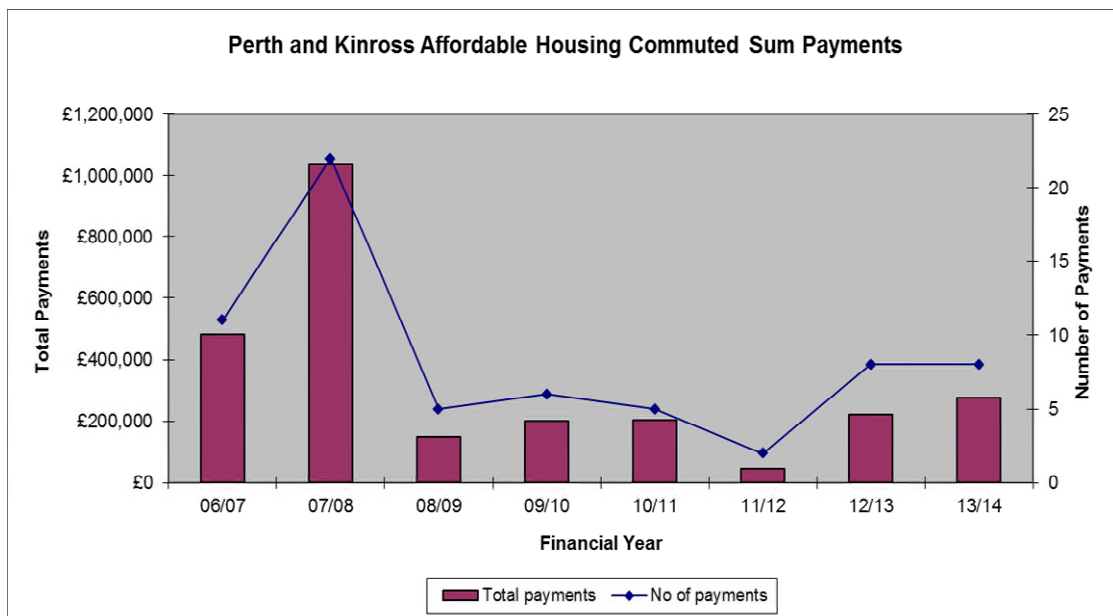
Spend amount (£)	Project ref.	RSL	HMA	Details of spend
£195,000	12/HHA/S/015	Hillcrest	Strathearn	Kirkton, Auchterarder
£250,000	12/CHA/P/018	Caledonia	Perth	Muirton
£100,000	12/HHA/K/019	Hillcrest	Kinross	Bridgefauld Road, Milnathort

- 4.2. The committed funding at Kirkton, Auchterarder will enable delivery of 12 Affordable units to rent, helping to meet a priority need for social rented accommodation. The commuted sums, along with RSL private finance will make up the shortfall in funding following a reduction in funding from the Scottish Government.

- 4.3. As part of the wider Muirton Regeneration Area Caledonia Housing Association are delivering 25 social rented houses. The commuted sums funding is necessary to enable the RSL to keep rents at the level required for social rented tenure and therefore help to meet the Council's priority need.
- 4.4. At Bridgefauld Road, Milnathort, the commuted sums agreed will help to deliver 10 affordable housing units for social rent as a first phase of development on the wider site. The Council will also work with Hillcrest HA on a second phase of development to delivery an additional 10 local authority new build houses.
- 4.5. All of the applications have been subject to the approval process agreed by the Enterprise and Infrastructure committee on the 17 January 2007. The majority of the applications were for under £200,000 and have therefore been approved under delegated powers to the Executive Director (Environment). The Application to use commuted sums at the Muirton scheme exceeded the agreed delegated figure, so the decision to use funds on this project was taken by the Enterprise and Infrastructure committee on 20 November 2013. No further applications have been made in the period 01 April 2013 to 31 March 2014.

5. Current market situation

- 5.1. In the period 01 April 2013 to 31 March 2014 eight commuted sum payments have been made totalling £277,426, a slight increase in sums paid with the same number of payments made as 2012/13.



- 5.2. The number and total of commuted sums payments received in 2013/14 continues to be in line with previous years, but remains below the levels attained before the economic downturn. It is notable that the number of commuted sums has remained higher than 2008-11, but the total amount received has remained roughly the same. This is a result of the Council

agreeing to reduce commuted sums on certain sites based on evidence of development viability, in line with Scottish Government advice and the Council's own Affordable Housing Supplementary Guidance. This year it was agreed that the contribution for Isla Road, Perth (ref 13/00942/FLM) should be reduced from £331,250 to £144,000. In addition a reduction of the commuted sum at Lyndoch Road, Methven (ref 10/01062/FLM) was also agreed from £53,000 to £0.

6. Affordable Housing Credits

- 6.1. The Affordable Housing Supplementary Guide allows consideration of proposals for affordable housing credits i.e. where a developer over provides affordable housing on one site, these 'credits' can be accrued and used to reduce the affordable requirement on another site within the same Housing Market Area.
- 6.2. In 2013/14 there were no new applications to accrue affordable housing credits.
- 6.3. Credits were used on one site in 2013/14. It was agreed that 0.25 of the credits accrued by AJ Stephen on their Provost Mains site and 8 credits from their Burnside Farm site could be used at Main Street, Glenfarg (ref: 13/01057/FLL, 13/01058/FLL, 13/01059/FLL), leaving 11.75 credits from the Provost mains and 0 credits from Burnside Farm as illustrated in the table below.
- 6.4. There are a number of other credits previously agreed that still require agreement from the Council for their use. All of the credits agreed to date and those remaining at the end of 2013/14 are detailed in the table below:

HMA	Developer	Site	Planning ref.	App	Credits Agreed	Credits Remaining
Highland	Upland Developments Ltd	Former Atholl Ice Rink, Lower Oakfield, Pitlochry	09/01280/FLL		8.5	4.5
Perth	AJ Stephen Ltd/PHA	Site west of Burnside Farm, Woodside, Burrleton	09/00296/FUL		23	0
Perth	AJ Stephen Ltd	Abbey Hill, Scone	08/00864/FUL		5	0
Perth	AJ Stephen Ltd	Provost Mains, Abernethy	08/01798/FLL		12	11.75
Perth City	GS Brown	Land West of Mathieson Drive, Perth	10/00128/FLL		27	27
Strathearn	Stewart Milne Homes	Land to rear of 11 High Street, Auchterarder	06/02056/FUL		27	27

Note – the credits detailed here have been agreed, but in order for the credits to be available for use, the developer is required to submit evidence that the affordable houses (to which the credits apply) have been built and transferred to a Registered Social Landlord, or the land has been sold to a Registered Social Landlord. This may not yet have happened in all cases.

7. Conclusion And Recommendation

- 7.1. During the year 2013 /14 a total of 8 affordable houses were delivered using commuted sums and a further 47 are committed and represent development that could be delivered in the next couple of years. A total of 8.25 affordable housing credits were also used this year, which means the Council's use of credits secured that number of houses earlier than would have been possible otherwise.
- 7.2. The report has provided an overview of the use of commuted sums and credits and the appendix provides the full details of all the relevant planning applications.
- 7.3. The delivery of affordable housing is a key priority for the Council. It is recommended that the Affordable Housing Member / Officer Working Group note the commuted sums and affordable housing credits received / accrued and spent / committed in 2013 /14 on projects which will deliver affordable housing.

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Council Text Phone Number 01738 442573

Appendix 1 – Details of Commuted Sum Spend and Commitments

Below is a detailed breakdown of the invested-commuted sums for projects in the year 2013/14 and the Housing Market Areas they relate to:

Plg applcn ref	Contribution amount	Spend amount	Project ref.	HMA	Details of spend
06/02736/FLL	125875	71088	12/HHA/P/020	Perth	Jeanfield Rd, Perth
07/01999/FLL	15458	15458	12/HHA/P/020	Perth	Jeanfield Rd, Perth
12/00589/FLL	6625	6625	12/HHA/P/020	Perth	Jeanfield Rd, Perth
12/00768/FLL	33125	6829	12/HHA/P/020	Perth	Jeanfield Rd, Perth

Below is a detailed breakdown of the committed-commuted sums for projects in the year 2013/14 and the Housing Market Areas they relate to:

Plg applcn ref	Contribution amount	Spend amount	Project ref.	HMA	Details of spend
06/01223/FUL	43750	20513	HHA	Strathearn	Kirkton, Auchterarder
06/01253/FUL	31250	31250	HHA	Strathearn	Kirkton, Auchterarder
06/02324/FUL	93750	93750	HHA	Strathearn	Kirkton, Auchterarder
06/00011/FUL	63419	49487	HHA	Strathearn	Kirkton, Auchterarder
07/00612/FUL	137500	66463	12/CHA/P/018	Perth	Muirton
06/00816/FUL	62500	62500	12/CHA/P/018	Perth	Muirton
06/01270/FUL	31250	31250	12/CHA/P/018	Perth	Muirton
07/02720/FUL	10000	10000	12/CHA/P/018	Perth	Muirton
05/02080/FUL	25000	25000	12/CHA/P/018	Perth	Muirton
06/02736/FLL	125875	54787	12/CHA/P/018	Perth	Muirton
06/01332/FUL	81250	50761	12/HHA/K/019	Kinross	Bridgefauld Road, Milnathort
06/01875/FUL	25000	25000	12/HHA/K/019	Kinross	Bridgefauld Road, Milnathort
07/00318/FUL	37500	24239	12/HHA/K/019	Kinross	Bridgefauld Road, Milnathort

Notes

HHA – Hillcrest Housing Association

CHA – Caledonia Housing Association